

national banks have been organized since 1900 when the requirements of capital stock was reduced to \$25,000 as the minimum. This is 382 more banks than the entire number in existence when the law was changed in this respect. The reduction of the minimum capital stock requirement to \$25,000 has doubled the number of national banks in eight years. A substantial increase in the amount required as a minimum capital for the establishment of state banks would have a salutary effect in keeping the number of banks within a satisfactory limit and also provide greater security to the depositors.

It has been claimed that in the state of Oklahoma the guaranty of deposits law has led to the issuance of an excess of bank charters and the establishment of too many banks with the minimum of capital. I have examined the last report of the comptroller of the currency as to the organization of national banks in that state to ascertain if there might not be general causes which have led to a rapid increase in the issuance of bank charters in Oklahoma, such as are incident to the settlement and development of a new state, and having no relation to this guaranty law. I find by way of comparison that whereas since 1900 there have been eighty-five national banks chartered in Nebraska, eighty-four in Kansas, forty-three in Colorado, twenty-four in Washington and twenty-six in Oregon, in Oklahoma during the same time there have been established 312 national banks, twenty-three of which have the smallest capital which the law permits.

As to the amount of assessment to be levied in order to provide an adequate fund for the prompt payment of depositors of insolvent banks, I would suggest that one-fourth of one per cent be levied upon the deposits as shown at the last statement published prior to the commencement of the operation of the law, and this assessment to be followed with additional levies in like amount at periods of six, twelve and eighteen months thereafter. After the accumulation of a guaranty fund equal to one per cent of the average deposits in the guaranteed banks, an annual tax of one-tenth of one per cent should be levied, because it is necessary under a proper system of insurance that the prosperous years should pile up a surplus fund to provide for the inevitable demands of less fortunate times. As an additional security against any possible emergency, such as extraordinary demands upon the fund, the board should be empowered to levy an assessment of not to exceed two per cent of the average deposits in any one year. While this assessment might never be levied, the power to use it would have a sustaining effect in times of possible panics. Such provisions would result in accumulating in eighteen months with the average of deposits remaining in state banks as at present a guaranty fund of \$642,351. This would be \$127,097 more than the entire amount of deposits involved in bank failures in this state in the last nine years. It is three times the amount that would have been necessary to have paid upon demand all the money due depositors in failed banks during the year with the heaviest failures of any in the past decade. It is seven times as much as would have been required to pay immediately all of the deposits tied up in state banks during any one of the last seven years. With the additional amount that would be contributed to such a guaranty fund during the years when no failures would occur and added to this the power to raise in any one year by extraordinary assessment six times as much as has been placed in jeopardy during the worst year that we have experienced since the present law was established.

It is my judgment that such a system would be a rock of refuge for the banks and for the people in the fiercest financial storm that may come. These comparisons, you will observe, are based upon the experience developed under our present law. With the additional safeguards and requirements, which I have indicated, the demands upon a guaranty fund should be still lighter. Indeed, your first purpose should be to so surround the banking business with safeguards and practical regulations as to make our system the safest and best in the republic aside from any sustaining force of a guaranty fund, and thus you will make the demands upon your guaranty system so light that it can not fail.

At this time I want to congratulate and commend the management of our present banking department for the splendid results it has secured under the present law. It is the showing of exceedingly small losses sustained under our present management and system which gives

us confidence to believe that with improvements in our laws as to capitalization, management and control a still better showing can be accomplished. The proposed guaranty fund under such a system as has been suggested should be deposited with the state banks under regulations similar to our present state depository law or with such additional security as the legislature may require. The proposed law should provide that national banks may avail themselves of the advantages and protection of the guaranty fund under suitable provisions and satisfactory showing as to the condition of such banks to the banking board.

The banking board should be empowered to fix the rate of interest to be paid depositors by banking corporations operating under the guaranty of deposits law, or if this be thought too great a power to confer upon them, the rate should be fixed in the statute by the legislature. I have gone into the matter of these proposed changes in our banking law somewhat fully, because the legislation asked for is new in part and therefore has met with some opposition. As a last word upon this subject, I want to impress upon you to the utmost the responsibility placed upon you in dealing with this question, and to urge you to remember that in whatever you may do you must be fair alike to the banker and the depositor, and the law enacted must stand the severest tests of business experience.

#### THE GOMPERS-MITCHELL MORRISON CASE

When judges administer the law, their decrees, though manifestly erroneous, should be respectfully obeyed. This is necessary to good order. But if judges usurp authority, their lawless edicts should be ignored. This is necessary to the preservation of liberty.

For that reason Samuel Gompers, John Mitchell and Frank Morrison—executive officers of the American of Labor, and editors of "The American Federationist"—are worthy of all commendation for having ignored a judge's injunction which assumed to control their public utterances. They stand in this respect, not as labor leaders merely, but as editors and American citizens jealous of their fundamental rights of editorship and citizenship. By ignoring an injunction destructive of their constitutional right to print and publish upon responsibility only for abuse of the right, and solely to a jury, they have been vindicating constitutional guarantees of the first importance. The fact that it is a judge instead of an executive whom they have thereby disobeyed, makes no difference. Judges may be tyrants, too; and it is as true of them when they usurp power, as it is of every other kind of tyrant, that disobedience to a tyrant is obedience to the law.—Louis F. Post in the Public.

#### MR. ROOSEVELT AND THE TENNESSEE IRON AND COAL DEAL

Senator Culberson of Texas recently introduced a resolution calling on the attorney general to state whether he had brought an action against the steel trust because of its accusation of the Tennessee Iron and Coal company. On January 6 Mr. Roosevelt sent to the senate a special message relating to this subject. Commenting on the attorney general's letter the president says:

"As to the transaction in question, I was personally cognizant of and responsible for its every detail. For the information of the senate I transmit a copy of a letter sent by me to the attorney general on November 4, 1907, as follows:

"My Dear Attorney General: Judge E. H. Gary and Mr. H. C. Frick, on behalf of the steel corporation have just called upon me. They state that there is a certain business firm (the name of which I have not been told, but which is of real importance in New York business circles) which will undoubtedly fail this week if help is not given. Among its assets are a majority of the securities of the Tennessee Coal and Iron company. Application has been urgently made to the steel corporation to purchase this stock as the only means of avoiding a failure. Judge Gary and Mr. Frick informed me that as a mere business transaction they do not care to purchase the stock, that under ordinary circumstances they would not consider purchasing the stock, but little benefit will come to the steel corporation from the purchase, that they are aware that the purchase will be used as a handle for attack on them on the ground that they are endeavoring to secure a monopoly of the business and prevent competition—not that this would represent what could honestly be

said, but what might recklessly and untruthfully be said.

"They inform me that as a matter of fact the policy of the company has been to decline to acquire more than sixty per cent of the steel properties and that this has been persevered in for several years past, with the object of preventing these accusations and as a matter of fact their proportion of steel properties has slightly decreased, so that it is below this sixty per cent, and the acquisition of the property in question will not raise it above sixty per cent. But they feel that it is immensely to their interest, as to the interest of every responsible business man, to try to prevent a panic and general industrial smashup at this time and that they are willing to go into this transaction, which they would not otherwise go into because it seems the opinion of those best fitted to express judgment in New York that it will be an important factor in preventing a break that might be ruinous and that had been urged upon them by the combination of the most responsible bankers of New York who are now thus engaged in endeavoring to save the situation, but they asserted they did not wish to do this if I stated that it ought not to be done. I answered that while, of course, I could not advise them to take the action proposed, I felt it no public duty of mine to interpose an objection.

Sincerely yours,

"THEODORE ROOSEVELT.

"Hon. Charles J. Bonaparte,  
"Attorney General."

"After sending this letter I was advised orally by the attorney general that, in his opinion, no sufficient ground existed for legal proceedings against the steel corporation and that the situation had in no way been changed by its acquisition of the Tennessee Coal and Iron company.

"I have thus given to the senate all the information in the possession of the executive departments which appears to me to be material or relevant on the subject of the resolution. I feel bound, however, to add, that I have instructed the attorney general not to respond to that portion of the resolution which calls for a statement of his reasons for non-action. I have done so because I do not conceive it to be within the authority of the senate to give directions of this character to the head of an executive department or to demand from him reasons for his action. Heads of the executive departments are subject to the constitution and to the laws passed by congress in pursuance of the constitution and to the directions of the president of the United States, but no other direction whatever.

"THEODORE ROOSEVELT.

"The White House, January 6, 1909."

#### THE GHOST OF THE OLD YEAR

He was dreaming of the New Year resolutions he would make  
And frame in costly fashion—too beautiful to break;

But—"Who are you?" he shouted, as he rose from troubled sleep,  
And saw an awful shadow from a chilly corner creep.

"I'm the ghost," the shadow answered, in the iron tones of Fate,  
"Of the New Year resolution that you made in 1908!"

"You see me—how I'm limping? How the light of life I lack?

You let me fall—remember?—and the tumble broke my back!

You mended me—you patched me here and there, while seasons fled,

But I'm armless, and I'm legless and like you, I lost my head!"

Then the New Year resolutionist he wept him bitter tears

As he thought of him as only one of wrecks of ruined years;

And he waltzed toward the sideboard, where decanters met his view,

With—"For old times' sake, old fellow, here's a New Year health to you!"

—Frank L. Stanton in Atlanta Constitution.

#### SALEM LIBRARY

Mayor J. H. Vawter, of the city of Salem, Marion county, Illinois, the ex-officio president of the library board, announces that the Bryan-Bennett library, built upon the site of Mr. Bryan's birthplace, is now completed and ready to receive books. Any person desiring to make a contribution of books or newspapers will please communicate with Mayor Vawter.